

Much ink is being spilled by authors around the world about the apparent slowdown of the United States' economy. That isn't hard to understand given the nearly daily dose of bad news regarding the country's financial system and housing market—not to mention the weakening dollar, record energy prices and rising food costs, among others. Utah, while slowing, is still among the best-performing states in the nation. This confluence of economic challenges leaves rural Utahns wondering what their fate will be if this latest slowdown indeed turns to recession.

Different Personalities

One rich source of clues is the area's previous experiences during national economic downturns. During the last two recessions, rural and urban counties in Utah followed similar trajectories—namely, down—but the character of those movements was quite unique. The economic slowdown of the early 1990s, which pushed the nation into recession, led to a steep decline in job growth in the state, but for rural Utah in particular—which went from a high of 4.9 percent in November 1989 to 0.8 percent in August 1990, compared to 5.4 in August 1990 to 2.2 percent in December 1991 for urban Utah. Moreover, these sharp job declines preceded those of urban Utah by nearly an entire year, intensifying the economic hurt.

Fast forward to the early years of this decade and once again a national recession crimped Utah's economy. This time the state—especially in the form of urban Utah—saw significant job losses. Rural Utahns, on the other hand, could justifiably laugh at those saying the economy began slowing in January of 2001. Their counties were already experiencing job losses in January of 1999, due principally to a sharp decline in the price of oil, but also from a slowdown in tourism—aggravated later by September 11th. Unfortunately, rural Utah's attempt to recover was hampered by the job losses just then gathering speed in the urban counties.

In both cases the fortunes of rural Utah improved when the state's urban area recovered. This only makes sense, as urban Utah is a prominent consumer of rural Utah's goods and services. That should give rural Utahns something to cheer for if they do experience a significant slowdown of their economies.

Reconciling Differences?

However, unlike the previous examples, the current situation appears to be different. Whereas the economic trajectories of the state's rural and urban areas were unique in previous downturns, this time they appear to be highly correlated. While rural year-over job growth outpaced that of urban areas in 2005 and 2006, it has softened at nearly the same speed as urban Utah. What does this congruence of trajectories mean for the state? It may be that Utah's rural counties

Economic Trajectories

have become closer linked to the urban core, bringing their economic cycles closer together. Just as likely, the energy boom may be masking the true decoupled nature of the two areas. Regardless, it appears that, in aggregate, rural and urban Utah will suffer similar fates if the national economy tips into recession; the major difference this time being that rural Utah's slowdown hasn't preceded that of the urban areas.

Adding to the intrigue, it is not at all clear at this point if all of rural Utah would suffer the same level of pain in a potential downturn. The Uintah Basin may have any downturn softened by continued demand for oil and gas. On the other hand, southeastern counties may suffer from a slowdown in domestic tourism (international tourists will likely still come in droves thanks to the weak dollar.) In the Southwest some counties are actually experiencing an increase in job growth, just as the overall economy appears to be souring. Ultimately, the coming months will tell the story. ■

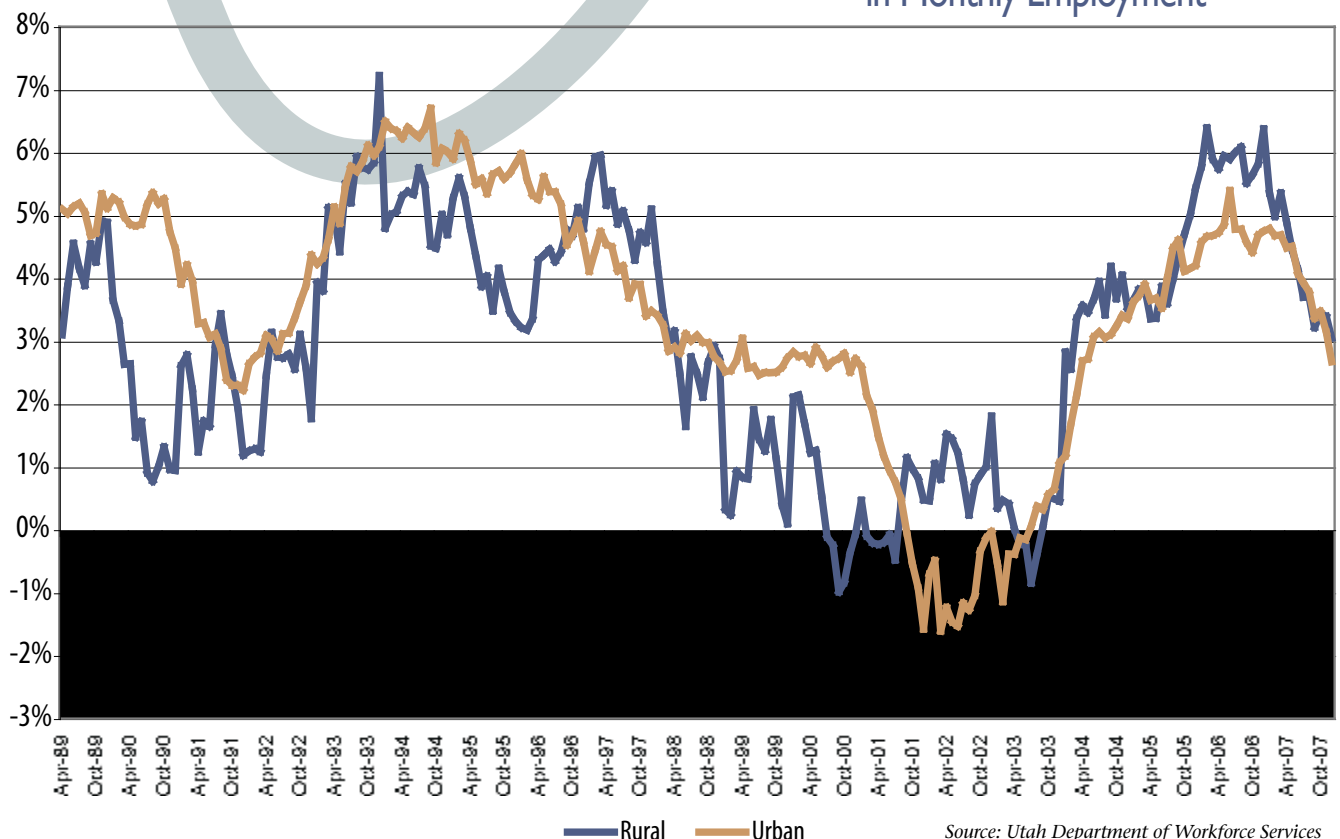


What is Rural Utah?

- Beaver County
- Box Elder County
- Carbon County
- Daggett County
- Duchesne County
- Emery County
- Garfield County
- Grand County
- Iron County
- Kane County
- Millard County
- Piute County
- Rich County
- San Juan County
- Sanpete County
- Sevier County
- Uintah County
- Wasatch County
- Wayne County

Urban Utah is a prominent consumer of **rural Utah's** goods and services.

Utah Year-over Change in Monthly Employment



Source: Utah Department of Workforce Services